

Repeal and Replace Didn't Happen. Now What?

Practical Tips for Managing Health Care Costs

April 27, 2017



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Pulling all the benefit levers to reduce cost trends and improve outcomes

Wellness Initiatives

Effective programs

- Include incentives
- Allow for individual needs and interests
- Are tailored to individuals
- Are flexible
- Marry plan design with wellness initiatives
- Tie incentives to outcomes, not just participation
- Include tools to track utilization and make better choices



Key to success: Promotion, promotion, promotion

HSA — a big lever

HSA benefit employees in all situations:

- Millennials
- Boomers
- Both lower and higher wage earners
- More than 20.2 million HSA accounts in the U.S¹
- 29% of covered workers are enrolled in a high-deductible health plan with a HSA²
- Average HSA balance is \$2,431³

1. AHIP HSA Census 2016

2. Mercer

3. Devenir, 2016 Year-End HSA Survey, February, 2017

Help workers maximize HSA benefits

HSAs benefit employees in all situations:

- 18% of Americans not at all confident about being able to afford a comfortable retirement¹
- 30% of Americans over age 50 understand basic financial concepts²
- 31% say their biggest financial fear is the rising cost of health care³
- 76% live paycheck to paycheck to cover all of their basic needs⁴



1. EBRI
2. The Atlantic
3. GOBankingRates.com
4. Bankrate.com

Almost everyone can benefit from an HSA



Younger workers: Maximize HSA growth opportunity by saving early



Younger/lower paid workers: Use HSA as a financial cushion for large health care expenses



Mid-career: Tax-saving opportunities



Older workers: Catch-up contribution



High wage earners: Tax savings and investment opportunities

Gain traction

- 1 Address confusion between HSAs and FSAs**
- 2 Segment audiences and message appropriately**

The HSA advantage

Triple tax advantage

- Contributions reduce taxable income
- Earnings on balances grow tax-free
- Distributions for qualified expenses are tax-free

Retirement advantage

- Tax-free Medicare premium payments
- At age 65, HSA funds can be used for any purpose, and just pay ordinary income tax

All mention of taxes is made in reference to federal tax law. Please check with your state's tax laws to determine the tax treatment of HSA contributions, or consult your tax adviser. Neither UMB Bank n.a., its parent, subsidiaries nor affiliates are engaged in rendering tax advice.

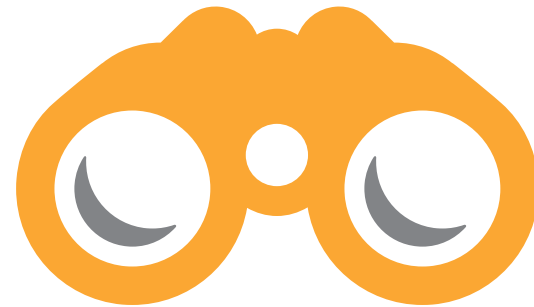
Withdrawals for non-qualified medical expenses are subject to income taxes and a possible additional 20% penalty, if you're under age 65.

“S” stands for “saving”

Looking ahead

In 40 years, you could save:

- \$360,000 at a 2.5% rate of return
- \$600,000 at a 5% rate of return
- Nearly \$1.1 million at a 7.5% rate of return



Note: This example is a hypothetical illustration of compounding returns over time and is not intended to represent any particular investment or savings vehicle. The rates of return are constant nominal rates, compounded monthly. Actual investments will fluctuate in value. Contributions are assumed to be made at the beginning of the month. It does not take into consideration taxes or other applicable deductions, which will lower returns.

Make HSAs
attractive
to join and to
stay in.

Estimated health care costs in retirement

EBRI estimates \$350,000 for a couple

At age 65:

*For a **50%** chance of having enough savings for retiree health care expenses:*

- Men need \$72,000 in savings
- Women need \$93,000 in savings

*For a **90%** chance of having enough savings for retiree health care expenses:*

- Men need \$127,000 in savings
- Women need \$143,000 in savings

Shortchanging futures

UMB HSA owners

- Average monthly balance \$1,567
- < 4% make the maximum contribution



Empowering futures

Tactics for HSA owners

- Consider any advantages for HSA or 401(k) match
- HSAs offer flexibility, tax advantages, and long-term growth potential—including through investments
- HSAs are the only retirement account to offer triple-tax advantages
- HSAs have no income limits and no age-based required distributions

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**Investments in securities through HSA Investment accounts are:
Not FDIC-Insured · May Lose Value · No Bank Guarantee**

Investment options underutilized

6.4%
of HSA owners investing¹.

**Investments in securities through HSA Investment accounts are:
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1. EBRI

The investment numbers¹

	Investors	Non-investors
Average age	48.5	43
Average contribution	\$2,636	\$1,244
Annual distributions	\$1,777	\$1,293
Average end-of-year balances	\$10,261	\$1,709

1. UMB

Solutions start here

- Compares accountholder behavior to UMB's benchmark data
- Segments employees based on where they are today to move them to where they need to be—step by step



data



behaviors/results



communications

**Targeted, relevant
messages to
drive specific
behaviors**



DOL fiduciary rule

- Presidential memo released February 3, 2017
- Impartial conduct standards delayed until June 9, 2017. Other requirements go into effect January 1, 2018.
- Labor Department Action
- Lawsuits continue

Additional resources: UMB

Blog

Understanding How Your High-Deductible Health Plan Works When You Need Care

Now that you're in the Consumer Plan and have opened your health savings account (HSA), you need to understand how to use this plan since it works a little differently from more traditional medical plans. Here's what you need to know when you seek care in a few different situations.

Annual physicals. Just like a more traditional health plan, annual physicals and age-appropriate screenings and immunizations are free to you and covered dependents as long as you visit an in-network provider. For less serious health issues, you may need to pay for an appointment today!

Smart tip: Make your appointment for family physicians and pediatricians are

Health Savings Account Implementation Roadmap

This roadmap shows you all of the important steps and activities in your organization.

Step	Description
Step 1: Design	Health plan design decisions such as premium, the Plan Design Checklist includes tax and HSA considerations.
Step 2: Communication	Begin preparing your communications to employees and their families. Get a detailed planning guide, timeline and checklist to use throughout the Launch Communication Toolkit. Start communicating as early as possible to give your employees adequate time to understand the new option and make informed decisions during enrollment.
Step 3: Enrollment	Set up initial and ongoing data transfer/updates.

Health Savings Account Plan Design Checklist

If you build it, they will come.

Not only can the right HSA-compatible plan entice employees but a well-designed plan can also keep them happy. When you're introducing an HSA for the first time or just introducing it to be sure that your health plan design supports your goals. As we've watched countless companies walk the path you're on, we've gathered these 10 tips to share with you.

- TIP #1: Know your audience.** Your employee population is unique. That's why you should look to your demographics, health claims data and even other benefit plan statistics for important clues to the right high-deductible health plan and HSA design for your employees and their families. Are employees heavy users of your PPO? A limited-purpose FSA can be a nice pairing with your new HSA-compatible plan but requires robust and targeted transitional communication. Are employees participating in your 401(k) plan? Consider a matching contribution to your HSA, to align both plan design and message. What about salary and family status? How would lower paid employees fare if required to meet the family deductibles? If many employees are taking expensive maintenance drugs, take a close look at how many of those drugs could qualify as preventive under IRS rules. Modeling employee scenarios will help you refine your plan design, premium costs and how much you contribute to the account. (Yes, that's Tip #2.)
- TIP #2: Contribute to the HSA.** Your contribution to employees' accounts is the single most effective way to get them to save. Do you've seen with your 401(k) plan, getting employees to save is the hardest part. Just as you probably do with your 401(k), it's a lot easier to convince reluctant employees with a message like "We'll contribute with you. Your future health is important to us." Design your contribution as either a lump sum amount you deposit all at once or as a matching contribution.

Silence is not golden.

Communication is critical to your employee benefit program—especially with high-deductible health plans and health savings accounts. Without it, these plans have little power to improve how employees and their families purchase and use their health care. Communicating well—and often—is the only way to inspire the actions employers want, and the actions that our health care system needs.

You may think that communication can be hard. And time-consuming. And expensive. But it doesn't have to be. UMB Healthcare Services Toolkits make the job easy, improve the overall experience for your employees, and help you make sure you get the full value from your benefits and consumerism strategy.

Here's how...

THE IMPLEMENTATION TOOLKIT

Gets You Started

Roadmap + Fact Sheet + Checklists + Tip Sheets + FAQs + Resources + Smooth Implementation

The Launch Communication Toolkit

Ensures High Participation

Planning Guide + Timeline + 5 Blog Posts + 2 Videos + 2 Presentations + FAQs + 1 Postcard + 1 Email + Benefit Guide Copy + Successful Launch (and Higher Enrollment)

The Ongoing Communication Toolkit

Creates Real Change

Planning Supplement + Timeline + 7 Blog Posts + 4 Tip Sheets + 5 Postcards + 30 Tweets + Increased Satisfaction with Benefits!

You get smooth implementation.

Your employees get information they can understand. And use.

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Q & A



Type in your question at
any time for the presenters

Thank you for participating

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